

CHARTERHOUSE SECURITIES HOLDINGS
(AN UNLIMITED COMPANY)

REGISTERED NUMBER 288819

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2002



CHARTERHOUSE SECURITIES HOLDINGS

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2002

Principal activities

The Company's principal activity is that of providing secured loans. No change in the Company's activities is anticipated.

Results and dividends

The Company's results for the year under review are as detailed in the statement of profit and loss shown in these accounts.

The Directors do not recommend the payment of a dividend in respect of the period ended 31 December 2002 (2001: nil).

Business review

On 12 November 2002, ING Bank NV, following an internal reorganisation, offered to sell Chantal Two Limited, the Company's immediate parent, to CCF Charterhouse Limited ("CCFCL") for £100. This offer was accepted and CCFCL acquired the entire share capital of Chantal Two Limited. The Company thus became an indirect subsidiary of CCFCL on that date. On 30 December 2002, the entire share capital of Chantal Two Limited was acquired by Charterhouse Management Services Limited ("CMSL"), for £1, being its net asset value, and the Company became an indirect subsidiary of CMSL.

Directors

The directors who served during the year were as follows:

<i>Name</i>	<i>Appointed</i>	<i>Resigned</i>
N J Cowan		12 November 2002
D A Horton		12 November 2002
R W Dix	12 November 2002	

Directors' interests

None of the directors had as at 31 December 2002 had any interests in the shares of the Company or in the securities of any other company in the group of which it is a member, required to be disclosed under the Companies Act 1985.

Supplier payment policy

The Company subscribes to the Better Payment Practice Code, the four principles of which are: to agree payment terms at the outset and stick to them; to explain payment procedures to suppliers; to pay bills in accordance with any contract agreed with the supplier or as required by law; and to tell suppliers without delay when an invoice is contested and settle disputes quickly. Copies of, and information about, the Code is available from: The Department of Trade and Industry, No. 1 Victoria Street, London SW1H 0ET.

During the year, the Company only received goods and services from group undertakings. Part VI of Schedule 7 of the Companies Act 1985, setting out reporting requirements in relation to the policy and practice on payment of creditors is, therefore, not applicable.

CHARTERHOUSE SECURITIES HOLDINGS

REPORT OF THE DIRECTORS (continued)

Statement of directors' responsibilities in relation to financial statements

The directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for the financial year under review. The directors are required to prepare these financial statements on the going concern basis unless it is not appropriate. Since the directors are satisfied that the Company has the resources to continue in business for the foreseeable future, the financial statements continue to be prepared on the going concern basis.

The directors consider that in preparing the financial statements, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates and that all accounting standards which they consider to be applicable have been followed.

The directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

By order of the Board



M V Pearce
Secretary

21 March 2003

Registered Office:
8 Canada Square
London
E14 5HQ

CHARTERHOUSE SECURITIES HOLDINGS

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHARTERHOUSE SECURITIES HOLDINGS

We have audited the financial statements on pages 4 to 8.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Company is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 2002 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

London

21 March 2003

CHARTERHOUSE SECURITIES HOLDINGS

PROFIT AND LOSS ACCOUNT for the year ended 31 December 2002

	Notes	2002 £	2001 £
Interest receivable and similar income	5	89,702	97,024
Interest payable and similar charges	6	(89,702)	(97,024)
Profit on ordinary activities before taxation		-	-
Taxation on profit on ordinary activities	7	-	-
Retained profit for the year	13	-	-

The Company has no recognised gains and losses other than those included in the profit and loss account above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the results on ordinary activities stated above and their historical cost equivalents.

The results of the Company are derived from continuing operations.

CHARTERHOUSE SECURITIES HOLDINGS

BALANCE SHEET as at 31 December 2002

	Notes	2002 £	2001 £
Fixed asset			
Loan	8	<u>899,487</u>	<u>899,487</u>
Current assets			
Debtors	9	<u>22,673</u>	<u>22,673</u>
Creditors: amounts falling due within one year	10	<u>(22,672)</u>	<u>(22,672)</u>
Net current assets		<u>1</u>	<u>1</u>
Total assets less current liabilities		<u>899,488</u>	<u>899,488</u>
Creditors: amounts falling due after more than one year	11	<u>(899,487)</u>	<u>(899,487)</u>
		<u>1</u>	<u>1</u>
Capital and reserves			
Called up share capital	12	1	1
Profit and loss account	13	-	-
Total shareholders' funds	14	<u>1</u>	<u>1</u>

The financial statements on pages 4 to 8 were approved by the Board of Directors on 20 March 2003 and are signed on its behalf by:



R W Dix
Director

CHARTERHOUSE SECURITIES HOLDINGS

NOTES TO THE FINANCIAL STATEMENTS

31 December 2002

1. Accounting policies

(a) *Basis of preparation*

These financial statements have been prepared under the historical cost convention and in accordance with accounting standards applicable in the United Kingdom.

The Company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the Company as an individual undertaking and not about its group.

(b) *Income and expense recognition*

In general, income and expenses, including interest, are included in the profit and loss account on an accruals basis, except realisation profits which are credited to income as received.

(c) *Turnover*

The Directors are of the opinion that turnover and cost of sales do not have meaningful equivalents in the business and they are therefore not included in the profit and loss account.

(d) *Taxation*

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

(e) *Cash flow statement*

Under Financial Reporting Standard No. 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

2. Directors' emoluments

The Directors' emoluments are borne by a parent undertaking. It is not practicable to allocate costs to Charterhouse Securities Holdings for the services performed by the Directors in relation to the Company.

3. Auditors' remuneration

The auditors' remuneration for the current and the previous financial year has been borne by a parent undertaking.

4. Employees

The Company had no employees during the financial year (2001: nil).

5. Interest receivable and similar income

	2002 £	2001 £
Interest receivable	89,702	97,024

6. Interest payable and similar charges

	2002 £	2001 £
Interest payable	(89,702)	(97,024)

CHARTERHOUSE SECURITIES HOLDINGS

NOTES TO THE FINANCIAL STATEMENTS

31 December 2002 (continued)

7. Taxation on profit on ordinary activities

The results of the Company for the year under review or for the previous year do not give rise to any liability for corporation tax.

8. Loan	2002 £	2001 £
At 1 January	899,487	985,550
Net movement in the year	-	(86,063)
Closing balance	899,487	899,487

The remaining loan bears interest at 10% per annum and is repayable on 30 September 2007. The loan is secured on a portfolio of specified securities as listed in the debenture deed and guarantee accompanying the original loan agreement.

9. Debtors	2002 £	2001 £
Amount due by immediate parent undertaking	1	1
Accrued interest receivable	22,672	22,672
	22,673	22,673

10. Creditors: amounts falling due within one year	2002 £	2001 £
Accrued interest payable	22,672	22,672

11. Creditors: amounts falling due after more than one year	2002 £	2001 £
Bank and other borrowings are repayable as follows: <i>More than two years but not more than five years:</i> Secured loan	899,487	899,487

The secured loan bears interest at 10% per annum and is repayable on 30 September 2007. The loan is secured on a portfolio of specified securities as listed in the debenture deed and guarantee accompanying the original loan agreement.

12. Share capital	2002 £	2001 £
Authorised 40,000,000 (2001: 40,000,000) ordinary shares 25p each	10,000,000	10,000,000
Allotted and fully paid 4 (2001: 4) ordinary shares of 25p each	1	1

CHARTERHOUSE SECURITIES HOLDINGS

NOTES TO THE FINANCIAL STATEMENTS

31 December 2002 (continued)

13. Profit and loss account

The balance at 1 January 2002 and 31 December 2002 in the profit and loss account was nil.

14. Reconciliation of movement in shareholders' funds

	2002 £	2001 £
Shareholders' funds at 1 January and 31 December	<u>1</u>	<u>1</u>

15. Related party transactions

Under the terms of FRS 8, the Company is exempt from disclosing transactions with companies 90% or more controlled within the same group, as the consolidated financial statements in which the Company is included are publicly available. Therefore transactions with companies within the group of companies have not been disclosed.

16. Parent undertakings

The Company's immediate parent undertaking is Chantal Two Limited.

The Company's ultimate controlling party as defined under Financial Reporting Standard 8 "Related Party Disclosures" (FRS 8) is HSBC Holdings plc. The Company is controlled, as defined in FRS 8, by Charterhouse Management Services Limited.

The smallest and largest groups in which the financial statements of the Company are consolidated are CCF SA (formerly Crédit Commercial de France SA) and HSBC Holdings plc respectively.

The consolidated financial statements of CCF SA (formerly Crédit Commercial de France SA) are available from that company at 103, avenue des Champs-Élysées, 75008, Paris, France.

The consolidated financial statements of HSBC Holdings plc are available to the public and may be obtained from HSBC Holdings plc, Group Corporate Affairs, 8 Canada Square, London, E14 5HQ.